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Part 51A1 General Information

Section 51A1.1-1 Overview

A. Introduction

Chapter 51 explains the rules regarding eligibility for and computation of the retiree annuity supplement under FERS.

The retiree annuity supplement is a benefit paid until age 62 to certain FERS employees who retire before age 62 and who are entitled to an immediate annuity. The supplement approximates the value of FERS service in a Social Security benefit. The general purpose of the supplement is to provide a level of income before age 62 similar to what the retiree will receive at age 62 as part of a Social Security benefit, if eligible for Social Security at that age.

The formula used to compute the supplement is quite different from the formulas used to compute other benefits paid by OPM because it is an adaptation of the Social Security benefits formula. Key differences between Social Security rules and the annuity computation formulas generally used by OPM are that Social Security uses earnings during a worker's full career, updates these earnings for inflation, and applies a very different computation formula that uses these updated earnings from a full career.

Consequently, to compute an annuity supplement, you must go through the following steps. First, create a "full career" earnings history using the employee's basic pay during civilian service that is creditable under FERS and deemed wages for years after the employee turned 21 and before the first full year of FERS service. Second, update the earnings history for inflation. Third, compute the supplement, using the same formula that would be used by the Social Security Administration to compute a Social Security benefit, including the maximum reduction for early retirement under Social Security. Fourth, multiply the result of the third step by a fraction to approximate the proportion of a full career Social Security benefit earned under FERS.

The supplement, like Social Security benefits, may be reduced if a retiree has excess outside income. Consequently, OPM must reduce the amount paid when outside earnings exceed the maximum permissible amount.

The retiree annuity supplement is unique to FERS -- there is no comparable provision for CSRS employees. Therefore, there is no CSRS subchapter on the retiree annuity supplement.

Section 51A1.1-1 Overview (Cont.)

B.	**Topics Covered**	This Chapter covers --

• Eligibility for the retiree annuity supplement;

• Computation of the retiree annuity supplement;

• The reduction that is applied to the retiree annuity supplement due to excess earnings;

• The requirement that retirees report their earnings to OPM annually; and

• Advice the agency should provide retiring employees about the retiree annuity supplement.

C.	**Organization of Subchapter**	This subchapter has four parts:

Part	Name of Part	Page
51A1	General Information	1
51A2	Computation of the Retiree Annuity Supplement	7
51A3	Reduction in Retiree Annuity Supplement Due to Excess Earnings	14
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D.	**Statement of Authority**	This subchapter is based on the laws and regulations cited below.

• United States Code: 5 U.S.C. 8421 and 8421a

• Code of Federal Regulations: 5 CFR 842, Subpart E

Section 51A1.1-2 Definitions

A.	**Average Total Wages (ATW)**	The ATW is a figure published annually by the Social Security Administration representing average wages of all workers based on earnings reported on Form W-2. (See Table B in section 51B1.1-1.)
B.	**Minimum Retirement Age (MRA)**	The MRA is the earliest retirement age at which a FERS employee may retire voluntarily or elect to receive benefits if separated from Federal service after performing at least 10 years of service. It ranges from age 55 to age 57, depending on an employee's year of birth. For employees born before 1948, the MRA is 55. (See section 42A1.1-2, paragraph D, in Chapter 42.)

Section 51A1.1-3 Eligibility for the Retiree Annuity Supplement

A. Individuals Immediately Eligible for the Retiree Annuity Supplement at Retirement	An individual is immediately eligible for the retiree annuity supplement at time of retirement if he or she --

1. Has at least 1 calendar year of FERS service (see paragraph D); and

2. Retires with entitlement to an immediate annuity --

    • At or after the MRA with at least 30 years of service;

    • At age 60 with at least 20 years of service;

    • Under one of the special provisions for law enforcement officers, firefighters, air traffic controllers, or military reserve technicians (see Chapter 46);

    • At or after the MRA under discontinued service (involuntary) retirement provisions (see Chapter 44);

    • At or after the MRA under early retirement provisions (that is, a major RIF, reorganization, or transfer of function) (see Chapter 43);

    • At or after the MRA for Members of Congress;

    • At or after the MRA under early retirement provisions for members of the Senior Executive Service, Defense Intelligence Senior Executive Service, Senior Cryptologic Executive Service, and FBI and DEA Senior Executive Service; or

    • Regardless of age for members of the Senior Executive Service, Defense Intelligence Senior Executive Service, Senior Cryptologic Executive Service, and FBI and DEA Senior Executive Service who are eligible for early retirement because of failure to be recertified as a senior executive.

B. Individuals Not Immediately Eligible for the Retiree Annuity Supplement	A retiree is eligible for the retiree annuity supplement only upon attaining the MRA (rather than at time of retirement) if he or she --

1. Has at least 1 calendar year of FERS service (see paragraph D); and

Section 51A1.1-3 Eligibility for the Retiree Annuity Supplement (Cont.)

B. Individuals Not Immediately Eligible for the Retiree Annuity Supplement (Cont.)	2. Retires before the MRA under the provisions for -- • Discontinued service (involuntary) retirement (see Chapter 44); • Early retirement (that is, a major RIF, reorganization, or transfer of function) (see Chapter 43); • Members of Congress; or • Early retirement for members of the Senior Executive Service, Defense Intelligence Senior Executive Service, Senior Cryptologic Executive Service, and FBI and DEA Senior Executive Service.
C. Individuals Not Eligible for the Retiree Annuity Supplement	Retirees in the following categories are not eligible for the retiree annuity supplement at any time: • Disability retirees (see Chapter 60); • Individuals retiring under the MRA + 10 provision (see Chapter 42); • Individuals who are eligible only for a deferred annuity (see Chapter 45); and • Individuals retiring at age 62 or later.
D. Requirement of One Calendar Year of FERS Service	In order to be eligible for the retiree annuity supplement, individuals described in paragraphs A and B must have at least 1 full calendar year of civilian service creditable under FERS computation rules. An employee who serves from January 1 through December 30 or 31 is considered to have performed a "calendar year" of service for this purpose. EXAMPLE: Albert submitted his election to transfer to FERS on December 28, 1987, and the transfer became effective on January 3, 1988. He retired on December 31, 1988. Since he did not perform a full calendar year of FERS service in 1988 because the transfer was effective January 3, the year 1988 does not count as a "calendar year" and he is not eligible for an annuity supplement. NOTE: Military service cannot be counted in determining if the employee has 1 full year of FERS service (unless it is a period of military service covered by military leave with pay -- or leave without pay -- from a civilian position).

Section 51A1.1-3 Eligibility for the Retiree Annuity Supplement (Cont.)

E.	**Duration of the Retiree Annuity Supplement**	The retiree annuity supplement is payable through the earlier of the following dates:

1. The last day of the month in which the retiree becomes age 62; or

2. The last day of the month before the first month for which the retiree would, upon proper application, be entitled to Social Security benefits.

NOTE 1: For retirement and Social Security purposes, an individual attains or becomes age 62 on the **"first moment"** of the day **before** his or her 62nd birthday. Thus, if a retiree's 62nd birthday is on September 1, then he or she becomes age 62 on August 31.

NOTE 2: An individual is entitled to Social Security old-age benefits, upon proper application, beginning on the first of the month throughout which he or she is age 62 (as defined in NOTE 1) and is fully insured.

EXAMPLE 1: Mary's 62nd birthday is September 1. Her annuity supplement stops on August 31, whether or not she is entitled to Social Security benefits, because she attained age 62 in August (see NOTE 1, above).

EXAMPLE 2: Sam's 62nd birthday is September 2. He is eligible for Social Security benefits beginning on September 1 because September is the first month throughout which he is age 62. Therefore, his FERS retiree annuity supplement stops on August 31. However, if Sam were not entitled to Social Security benefits, the supplement would continue until September 30 because that is the last day of the month in which he became age 62.

Part 51A2 Computation of the Retiree Annuity Supplement

Section 51A2.1-1 Constructing Earnings History

A.	**General**	The first step in calculating a retiree annuity supplement is to construct an earnings history using **actual** and **deemed** pay.

NOTE: The procedure for computing the annuity supplement for a regularly scheduled part-time employee is no different from that for a full-time employee.

B.	**Earnings History/Elapsed Years**	The earnings history consists of an individual's "elapsed years," which are defined as the calendar years after the year in which the individual attained age 21 (or after 1950, if later) and before the year in which he or she becomes entitled to the retiree annuity supplement.

C.	**Actual Pay**	1. In constructing an earnings history, use actual pay for each year in which the employee has a full calendar year of creditable civilian service under FERS.

Actual pay for purposes of computing the retiree annuity supplement is only pay that is subject to retirement deductions (that is, basic pay) up to the Social Security maximum taxable wage base. (The maximum taxable wage base is the maximum amount of wages, in any calendar year, to which the Social Security tax is applied. See Table A in section 51B1.1-1.) It does not include any pay that is not subject to retirement deductions, such as cash awards or overtime (even though such pay is subject to FICA taxes).

Actual pay for any year may be calculated by multiplying total FERS deductions by the appropriate factor in Table D in section 51B1.1-1.

2.   Use actual pay in the following situations:

• Full calendar years of CSRS service that subsequently become subject to FERS computation rules (for example, CSRS Offset service).

• An otherwise qualifying calendar year in which there are periods of LWOP that are 6 months or less in the aggregate. ("Actual pay" in such cases is the earnings actually received and **not** the earnings the employee would have received had he or she not been in a LWOP status.); and

---

Section 51A2.1-1 Constructing Earnings History (Cont.)

C. Actual Pay (Cont.)	• Full calendar years of nondeduction service (for example, temporary service) before 1989 for which a FERS deposit has been made.

        3. Do not use actual pay in the following situations:

           • Any calendar year in which there are periods of LWOP exceeding 6 months in the aggregate. In such cases, the employee has not performed a full calendar year of creditable FERS service; consequently, the year is a "deemed pay" year (see paragraph D);

           • Any calendar year in which the employee had a break in service exceeding 3 days. The calendar years in which a break occurs are "deemed pay" years (see paragraph D);

           • Calendar years of nondeduction service for which a deposit has not been (or cannot be) paid; and

           • Calendar years of FERS service for which a refund of FERS deductions has been paid.

D. Deemed Pay

Use deemed pay for years in which the individual did not have creditable civilian FERS service for a full calendar year. Since the earnings history for the annuity supplement computation begins with the year the employee reached age 22 (or 1951, if later) and ends with the year before the year in which the annuitant is entitled to receive an annuity supplement, many retiring employees will have some years for which deemed earnings must be derived.

In general, to compute deemed earnings --

1. Compute an earnings ratio by dividing the employee's actual pay for the first full calendar year of FERS service by the Average Total Wages (ATW) for that year (see Table B in section 51B1.1-1); and

2. Multiply the earnings ratio by the ATW for each year in which earnings are to be deemed.

Section 51A2.1-1 Constructing Earnings History (Cont.)

D. Deemed Pay   EXAMPLE: Determine deemed earnings for 1987 when the first full
(Cont.)   calendar year of FERS service is 1988. Assume actual pay in 1988 is
                           $30,000. (See Table B in section 51B1.1-1 for 1987 and 1988 Average
                           Total Wages.)

$$\frac{\text{1988 Actual Pay}}{\text{1988 ATW}} = \text{Earnings Ratio}$$

Earnings Ratio x 1987 ATW = 1987 Deemed Pay

$$\frac{\$30,000}{\$19,334.04} = 1.551667$$

1.551667 x $18,426.51 = $28,591.82

NOTE 1: The actual pay used in the earnings ratio may not exceed the
applicable maximum taxable wage base. Also, the deemed pay
for any year may not exceed the applicable maximum taxable
wage base. (See Table A in section 51B1.1-1.)

NOTE 2: Each time there is a break in service exceeding 3 days, the year in
which the break occurred and any subsequent years until the next
full calendar year of FERS civilian service are "deemed pay"
years.

The earnings ratio used to compute deemed pay for such years is
computed by dividing the employee's actual pay in the first full
calendar year of FERS service after the break by the ATW for
that year.

NOTE 3: If the ATW for a year is not yet available, use the ATW for the
last known year to derive an estimated deemed pay. If the ATW
is not available when OPM computes the supplement, it will use
the last ATW and recompute the supplement when the correct
ATW is available.

Section 51A2.1-1 Constructing Earnings History (Cont.)

E.	**Earnings in Year of Separation**	1. **General Rule**

Earnings during the year in which an employee separates for an immediate retirement are not included in the earnings history.

2. **Exception**

If the annuitant retired before the calendar year in which he or she reached the MRA under circumstances in which the annuity supplement does not begin until he or she reaches the MRA (see section 51A1.1-3, paragraph B), earnings in the calendar year of retirement are the retiree's annual basic pay for that year (even though he or she only worked part of the year). Earnings in calendar years after the year of separation, and before the MRA is reached, are deemed to be zero.

Section 51A2.1-2 Determining the Benefit Computation Years

A.   General   Once the earnings history is constructed, the next step is to determine the
benefit computation years to be used in the computation of the retiree
annuity supplement.

B.   Procedure   1. **Index Earnings**

Index the earnings during the elapsed years (see section 51A2.1-1,
paragraph B) by multiplying the earnings (both actual and deemed) for
each year by the appropriate index factor. Index factors change yearly
and are listed in Table C in section 51B1.1-1.

2. **Select Benefit Computation Years**

Eliminate the 5 lowest years of indexed earnings from the elapsed years.
The years remaining are the benefit computation years that will be used
to compute the retiree annuity supplement.

Section 51A2.1-3 Computing the Retiree Annuity Supplement

A. General

Once the benefit computation years have been determined, the retiree annuity supplement is computed using a methodology derived from the Social Security law. This methodology is explained in the paragraphs that follow.

NOTE: A blank computation worksheet (for local reproduction) is provided in section 51B1.1-2. Computation examples are provided in section 51B1.1-3.

B. Average Indexed Monthly Earnings (AIME)

The Average Indexed Monthly Earnings (AIME) is computed, for purposes of the retiree annuity supplement, by using the following formula.

1. Total the indexed earnings (actual and deemed) from the benefit computation years;

2. Determine the number of months in the benefit computation years (number of years x 12); then

3. Divide the total indexed earnings derived in B1 by the number of months derived in B2. Drop any fraction of a dollar that is left over. The result is the AIME for the purpose of computing the retiree annuity supplement.

C. Primary Insurance Amount (PIA)

The formula used to compute the Primary Insurance Amount (PIA) contains bend points (dollar amounts) that change each year. The bend points are set by the Social Security Administration. For the current year's bend points, call Social Security's toll-free number, 1-800-772-1213. The percentages in the formula are set by law.

1. If the annuity supplement commences in 1993, the Primary Insurance Amount (PIA) is computed, for purposes of calculating the retiree annuity supplement, by using the following formula.

  • 90 percent x first $401 of AIME; plus

  • 32 percent x next $2,019 of AIME; plus

  • 15 percent x AIME over $2,420, equals the PIA.

See example computations in section 51B1.1-3, part III, #3.

Section 51A2.1-3 Computing the Retiree Annuity Supplement (Cont.)

C. Primary Insurance Amount (PIA) (Cont.)	NOTE 2: In general, the annuity supplement is computed as if the annuitant were age 62 and fully insured on January 1 of the year during which the annuity supplement commences. Therefore, the PIA is computed by using the Social Security formula (bend points) that applies for individuals turning age 62 in that year.

In addition, the age reduction that is applied to Social Security benefits that begin at age 62 is also applied in calculating the retiree annuity supplement. (See paragraph C2 below.) However, the windfall elimination provision is not applied.

2. Multiply the PIA computed in C1 by the appropriate reduction factor found in Table E in section 51B1.1-1. The factor to be used depends on the individual's year of birth. Note that for those born before 1938, the reduction factor is 80 percent. For those born in 1938 or later, the reduction factor is less than 80 percent but never less than 70 percent.

D. Amount of Retiree Annuity Supplement	The reduced PIA obtained in paragraph C is multiplied by the following fraction.

- The numerator is the retiree's total civilian service creditable under FERS, rounded to the nearest whole number, but not exceeding 40 years; and

- The denominator is 40.

This fraction is expressed as follows;

$$\frac{\textbf{Total Civilian Service Creditable under FERS}}{\textbf{(rounded to nearest full year)}}$$
$$\textbf{40}$$

NOTE: Civilian service includes time in military service performed during a period covered by military leave with pay -- or leave without pay from civilian service.

Part 51A3 Reduction in Retiree Annuity Supplement Due to Excess Earnings

Section 51A3.1-1 Reduction Due to Excess Earnings

A. General	A person who is employed after retiring may lose part or all of the retiree annuity supplement if the amount he or she earns exceeds the "exempt amount."

NOTE 1: The reduction applies only to the retiree annuity supplement, not to the basic FERS annuity.

NOTE 2: The reduction for excess earnings does not apply to employees who retire under the special provisions for law enforcement officers, firefighters, air traffic controllers, and military reserve technicians (see Chapter 46) until they reach the MRA.

B. Exempt Amount	The exempt amount is the same as the amount established by the Social Security Administration for the purpose of calculating the earnings reduction for Social Security benefits. (See 42 U.S.C. 403.)

In 1993, the exempt amount is $7,680. That is, a retiree can earn up to $7,680 during the year without losing any part of the retiree annuity supplement to which he or she may be entitled. The exempt amount increases annually with the annual increases in average wage levels in the national workforce. (The Social Security Administration publishes the updated exempt amount each year.)

C. Amount of Reduction	If a retiree's earnings exceed the exempt amount, the annual supplement will be reduced $1 for every $2 that is earned above that amount. Earnings, for purposes of calculating the earnings reduction, consist of the sum of wages for services performed in the year, plus all net earnings from self-employment for the year, minus any net loss from self-employment for the year. (See 42 U.S.C. 403.)

NOTE 1: Any earnings reduction during a year may not exceed the amount of the annuity supplement payable during that year.

NOTE 2: For the year immediately following the first year during which a retiree became eligible to receive the annuity supplement, the annual earnings reduction amount cannot exceed total annuity supplement to which the individual was entitled in the first year. Say, for example, Liza retires at the end of September 1993, and is awarded an annuity supplement of $40 a month.

Section 51A3.1-1 Reduction Due to Excess Earnings (Cont.)

C.	**Amount of Reduction (Cont.)**	Since her annuity supplement payments during 1993 total $120, any reduction of her annuity supplement payments during 1994 for excess earnings during 1993 cannot exceed $120 -- no matter how much she earns during the months of October through December 1993.
D.	**When Reduction is Assessed**	A reduction in the retiree annuity supplement in a given year is based on excess earnings in the previous year.

The reduction is assessed beginning with the year immediately after the first year during which a retiree became entitled to the annuity supplement (or reached the MRA if already receiving the annuity supplement before the MRA).

EXAMPLE 1:   Tom retired in June 1993 at age 57 with 30 years of service. He is eligible for an annuity supplement. His earnings in 1993 are subject to the earnings test. If his post-retirement earnings exceed the 1993 exempt amount of $7,680, his annuity supplement for 1994 will be reduced.

EXAMPLE 2:   Susan retired at age 52 under the discontinued service provision. She reached her MRA in June 1993 and began receiving the annuity supplement. Her earnings in 1993 became subject to the earnings test. If her post-retirement earnings exceed the 1993 exempt amount of $7,680, her annuity supplement for 1994 will be reduced.

EXAMPLE 3:   Bruce retired at age 52 under the firefighter provisions. He started receiving an annuity supplement immediately. It was not subject to the earnings test until he reached the MRA in June 1993.

If no annuity supplement is payable in the year following a year in which the retiree's earnings exceeded the exempt amount (that is, the annuity supplement was terminated during the previous year due to attainment of age 62), there is no reduction for excess earnings since the reduction can only be applied to the retiree annuity supplement.

E.	**Reporting Earnings to OPM**	OPM asks each retiree who has reached the MRA for a statement of earnings each year he or she is eligible to receive the annuity supplement. Earnings must be reported by retirees in a form prescribed by OPM.

Part 51A4 Advice to Employee

Section 51A4.1-1 Advice to Employee

A.	**Duration of Retiree Annuity Supplement**	The retiree annuity supplement terminates at approximately age 62, whether or not the retiree is entitled to or applies for Social Security benefits at that time. (See section 51A1.1-3, paragraph E, for specific termination date.)
B.	**Earnings Reduction**	A retiree may not receive part or all of the supplement if his or her earnings exceed a certain amount. After reaching the MRA, retirees who are receiving the annuity supplement are required to report earnings annually to OPM. (See part 51A3 for detailed information.)
C.	**COLA's**	The retiree annuity supplement is not increased by cost-of-living adjustments (COLA's).

Subchapter 51B Job Aids

Section 51B1.1-1 Tables

This section contains the following tables.

Table A - Social Security Maximum Taxable Wage Base

Table B - Average Total Wages (ATW)

Table C - Indexing Factors for Retiree Annuity Supplement
             Commencing in 1993

Table D - Table for Converting Retirement Deductions to Actual Basic Pay

Table E - Reduction Factors

Section 51B1.1-1 Tables

TABLE A - Social Security Maximum Taxable Wage Base

YEAR	AMOUNT
1951 through 1954	$3,600
1955 through 1958	$4,200
1959 through 1965	$4,800
1966 through 1967	$6,600
1968 through 1971	$7,800
1972	$9,000
1973	$10,800
1974	$13,200
1975	$14,100
1976	$15,300
1977	$16,500
1978	$17,700
1979	$22,900
1980	$25,900
1981	$29,700
1982	$32,400
1983	$35,700
1984	$37,800
1985	$39,600
1986	$42,000
1987	$43,800
1988	$45,000
1989	$48,000
1990	$51,300
1991	$53,400
1992	$55,500
1993	$57,600
1994	$60,600
1995	$61,200

Section 51B1.1-1 Tables (Cont.)

TABLE B - Average Total Wages (ATW)

Year	Amount	Year	Amount
1951	$ 2,799.16	1976	$ 9,226.48
1952	2,973.32	1977	9,779.44
1953	3,139.44	1978	10,556.03
1954	3,155.64	1979	11,479.46
1955	3,301.44	1980	12,513.46
1956	3,532.36	1981	13,773.10
1957	3,641.72	1982	14,531.34
1958	3,673.80	1983	15,239.24
1959	3,855.80	1984	16,135.07
1960	4,007.12	1985	16,822.51
1961	4,086.76	1986	17,321.82
1962	4,291.40	1987	18,426.51
1963	4,396.64	1988	19,334.04
1964	4,576.32	1989	20,099.55
1965	4,658.72	1990	21,027.98
1966	4,938.36	1991	21,811.60
1967	5,213.44	1992	22,935.42
1968	5,893.76	1993	23,132.67
1969	5,893.76	1994	Not Available
1970	6,186.24		
1971	6,497.08		
1972	7,133.80		
1973	7,580.16		
1974	8,030.76		
1975	8,630.92		

NOTE: If the first year of FERS service is 1994, use the Average Total Wages for 1993 until the 1994 amount is available.

Section 51B1.1-1 Tables (Cont.)

TABLE C - Index Factors for Retiree Annuity Supplement Commencing in 1995

Year	1995 Earnings Index Factor	Year	1995 Earnings Index Factor
1951	8.2641471	1975	2.6802091
1952	7.7800809	1976	2.5072043
1953	7.3684065	1977	2.3654391
1954	7.3305795	1978	2.1914176
1955	7.0068425	1979	2.0151357
1956	6.5487861	1980	1.8486230
1957	6.3521276	1981	1.6795543
1958	6.2966601	1982	1.5919158
1959	5.9994476	1983	1.5179674
1960	5.7728918	1984	1.4336889
1961	5.6603936	1985	1.3751022
1962	5.3904716	1986	1.3354642
1963	5.2614428	1987	1.2554016
1964	5.0548629	1988	1.1964737
1965	4.9654562	1989	1.1509049
1966	4.6842818	1990	1.1000900
1967	4.4371221	1991	1.0605673
1968	4.1517707	1992	1.0086002
1969	3.9249427	1993	1.0000000
1970	3.7393748		
1971	3.5604718		
1972	3.2426855		
1973	3.0517390		
1974	2.8805082		

NOTE: See section 51A2.1-2, paragraph B.

Section 51B1.1-1 Tables (Cont.)

TABLE D - Table for Converting Retirement Deductions to Actual Basic Pay

FERS Withholding Rate	Factor	If deductions* equal or exceed amounts shown below, use Maximum Taxable Wage Base from TABLE A
Before 1984 1.3%	76.92	
1984 1.3%		$ 491.40
	76.92	
1985 1.3%		514.80
1986 1.3%	76.92	546.00
1987 1.3%	76.92	569.40
1.8%**		788.40
1988 .94%	76.92	423.00
1.44%**		648.00
	55.56	
1989 .94%		451.20
1.44%**	106.38	691.20
	69.44	
After 1989 .8%		410.40
1.3%**	106.38	666.90
	69.44	
	125.00	
	76.92	

*   These deduction amounts represent withholdings made at FERS withholding rates, not CSRS rates.

**   Withholding rate for special groups.

Section 51B1.1-1 Tables (Cont.)

TABLE E - Reduction Factors

Year of Birth	Reduction Factor
1937 and before	.800000
1938	.791667
1939	.783333
1940	.775000
1941	.766667
1942	.758333
1943 through 1954	.750000
1955	.741667
1956	.733333
1957	.725000
1958	.716667
1959	.708333
1960 and later	.700000

Section 51B1.1-2 Blank Computation Worksheets for Local Reproduction

Worksheet for Computing Retiree Annuity Supplement

Retiree's Name	Date of Birth	Year Annuity Supplement Begins	Retirement Date

PART 1 EARNINGS RATIO (complete only if needed)		
A.	Basic Earnings during first full calendar year under FERS*	$
B.	Average Total Wages for first full calendar year under FERS**	$
C.	Earnings Ratio (divide line A by line B)	

PART 2 Benefit Computation

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay			C Deemed Pay			D Index Factor***	E Indexed Earnings
	Col. 1 x Col. 2 = Col. 3			Col. 1 x Col. 2 = Col. 3				
	Contri-butions	Conversion Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1951 ($3,600)								
1952 ($3,600)								
1953 ($3,600)								
1954 ($3,600)								
1955 ($4,200)								
1956 ($4,200)								
1957 ($4,200)								
1958 ($4,200)								
1959 ($4,800)								
1960 ($4,800)								
1961 ($4,800)								
1962 ($4,800)								
1963 ($4,800)								
1964 ($4,800)								
1965 ($4,800)								
1966 ($6,600)								

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Worksheet for Computing Retiree Annuity Supplement (Cont.)

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay			C Deemed Pay			D Index Factor***	E Indexed Earnings
	Col. 1 x Col. 2 = Col. 3			Col. 1 x Col. 2 = Col. 3				
	Contri-butions	Conversion Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1967 ($6,600)								
1968 ($7,800)								
1969 ($7,800)								
1970 ($7,800)								
1971 ($7,800)								
1972 ($9,000)								
1973 ($10,800)								
1974 ($13,200)								
1975 ($14,100)								
1976 ($15,300)								
1977 ($16,500)								
1978 ($17,700)								
1979 ($22,900)								
1980 ($25,900)								
1981 ($29,700)								
1982 ($32,400)								
1983 ($35,700)								
1984 ($37,800)								
1985 ($39,600)								
1986 ($42,000)								

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Worksheet for Computing Retiree Annuity Supplement (Cont.)

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay			C Deemed Pay			D Index Factor***	E Indexed Earnings
	Col. 1 x Col. 2 = Col. 3			Col. 1 x Col. 2 = Col. 3				
	Contri-butions	Con-version Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1987 ($43,800)								
1988 ($45,000)								
1989 ($48,000)								
1990 ($51,300)								
1991 ($53,400)								
1992 ($55,500)								
1993 ($57,600)								
1994 ($60,000)								
1995 ($61,200)								
1996								
1997								
1998								
1999								
2000								
Mark out 5 lowest years in Column E and enter the total of the remaining years of indexed earnings from Column E.								

PART 2 Benefit Computation (Continued)

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Worksheet for Computing Retiree Annuity Supplement (Cont.)

Part III. Compute Estimated Social Security Benefit

1. Determine the number of years to be used in the computation.

    a.   Enter the year in which the annuity supplement will begin . . . .   _____

    b.   Subtract 1951 or the year in which the individual attained age 22,
          whichever is later . . . . - _____

    c.   Enter the number of elapsed years . . . . = _____

    d.   Subtract 5 years . . . . - _____

    e.   TOTAL years used in computation . . . . = _____

2. Determine Average Indexed Monthly Earnings (AIME).

    a.   Total Indexed Earnings (from Column E) . . . . $ _____

    b.   Enter the number of months in years included in Total Indexed Earnings
          (number of years from line 1e times 12) . . . .   _____

    c.   AIME (divide line 2a by 2b and round to the next lower dollar) . . . . $ _____

3. Calculate the Primary Insurance Amount (PIA).

    a.   Calculate the PIA using the following formula.

For Annuity Supplement Commencing In	Amount of AIME to Be Used	PIA Formula
	Up through $_____	90% of amount
	From $_____ through $_____	$_____ + 32% of amount
	$_____ and over	$_____ + 15% of amount

    PIA . . . . $ _____

Worksheet for Computing Retiree Annuity Supplement (Cont.)

3. **Calculate the Primary Insurance Amount (PIA) (Continued).**

    b.   Enter the amount calculated on 3a, rounded down to the next lower
multiple of $0.10 (if not already a multiple of $0.10) . . . . $ _____

    c.   Enter Reduction Factor (from Table E on page 22) . . . . x _____

    d.   ESTIMATED SOCIAL SECURITY BENEFIT. Multiply line 3b by line 3c,
and round to the next lower dollar . . . . = $ _____

4. **Calculate Portion of Estimated Social Security Benefit Attributable to FERS Service.**

    a.   Enter total years of FERS civilian service (rounded
to nearest whole number) . . . . _____

    b.   Determine multiplier (divide line 4a by 40) . . . . _____

    c.   Enter Estimated Social Security Benefit (from line 3d) . . . . x _____

    d.   MONTHLY RETIREE ANNUITY SUPPLEMENT. Multiply line 4c by
the multiplier in line 4b, and round to the next lower dollar . . . . = $ _____

Section 51B1.1-3 Computation Examples

This section contains the following sample computations:

EXAMPLE 1: Transferee (See pages 29 - 33)

Thomas Schmidt was appointed to Federal service July 16, 1958, and worked continuously under CSRS until July 1987. In July 1987, Thomas transferred to FERS during the open season. Consequently, his first full calendar year under FERS was 1988. His basic pay for 1988 was $52,138. Thomas retired November 30, 1993.

EXAMPLE 2: Transferee Whose CSRS Offset Service Converts to FERS Service Upon Transfer (See pages 34 - 38)

Dennis Meisner was first appointed to Federal service September 28, 1968. He worked continuously under CSRS until his separation on February 12, 1982. He returned to Federal service on January 8, 1984, and was placed in the Interim Plan. On January 1, 1987, he was covered under the CSRS Offset plan. Dennis transferred to FERS effective July 20, 1987.

Upon transfer, all of his CSRS Offset and Interim service became FERS service. As a result, Dennis' first full calendar year of creditable FERS service was 1985. His basic pay for 1985 was $19,511.

Dennis retired September 30, 1993.

EXAMPLE 3: Transferee Who Retires Under Discontinued Service Retirement Provisions and Receives Retiree Annuity Supplement at the MRA (See pages 39 - 43)

Lawrence Kasdan was appointed to Federal service September 1, 1966. He worked continuously under CSRS until he transferred to FERS effective July 5, 1987. His first full calendar year under FERS was 1988.

Lawrence was involuntarily separated and applied for discontinued service retirement on August 31, 1989. At retirement he was age 50 years and 9 months. Because he retired under the provisions for involuntary retirement, he is not eligible to receive the retiree annuity supplement until he attains his minimum retirement age (55).

Example 1   **Worksheet for Computing Retiree Annuity Supplement**

Retiree's Name Thomas Schmidt	Date of Birth 1-2-35	Year Annuity Supplement Begins 1993	Retirement Date 11-30-93

PART 1 EARNINGS RATIO (complete only if needed)		
A.	Basic Earnings during first full calendar year under FERS*	$ 45,000.00 (1988)
B.	Average Total Wages for first full calendar year under FERS**	$ 19,334.04 (1988)
C.	Earnings Ratio (divide line A by line B)	2.327501

PART 2 Benefit Computation

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay Col. 1 x Col. 2 = Col. 3			C Deemed Pay Col. 1 x Col. 2 = Col. 3			D Index Factor***	E Indexed Earnings
	Contri-butions	Conversion Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1951 ($3,600)								
1952 ($3,600)								
1953 ($3,600)								
1954 ($3,600)								
1955 ($4,200)								
1956 ($4,200)								
1957 ($4,200)				3,641.72	2.327501	4,200.00	5.9893677	25,155.34
1958 ($4,200)				3,673.80	"	4,200.00	5.9370679	~~24,935.69~~
1959 ($4,800)				3,855.80	"	4,800.00	5.6568287	27,152.78
1960 ($4,800)				4,007.12	"	4,800.00	5.4432111	26,127.41
1961 ($4,800)				4,086.76	"	4,800.00	5.3371375	25,618.26
1962 ($4,800)				4,291.40	"	4,800.00.	5.0826304	~~24,396.63~~
1963 ($4,800)				4,396.64	"	4,800.00	4.9609702	~~23,812.66~~
1964 ($4,800)				4,576.32	"	4,800.00	4.7661877	~~22,877.70~~
1965 ($4,800)				4,658.72	"	4,800.00	4.6818869	~~22,473.06~~
1966 ($6,600)				4,938.36	"	6,600.00	4.4167699	29,150.68

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 1   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

PART 2 Benefit Computation

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay			C Deemed Pay			D Index Factor***	E Indexed Earnings
	Col. 1 x Col. 2 = Col. 3			Col. 1 x Col. 2 = Col. 3				
	Contributions	Conversion Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1967 ($6,600)				5,213.44	2.327501	6,600.00	4.1837251	27,612.59
1968 ($7,800)				5,571.76	"	7,800.00	3.9146697	30,534.42
1969 ($7,800)				5,893.76	"	7,800.00	3.7007954	28,866.20
1970 ($7,800)				6,186.20	"	7,800.00	3.5258251	27,501.44
1971 ($7,800)				6,497.08	"	7,800.00	3.3571389	26,185.68
1972 ($9,000)				7,133.80	"	9,000.00	3.0575009	27,517.51
1973 ($10,800)				7,580.16	"	10,800.00	2.8774591	31,076.56
1974 ($13,200)				8,030.76	"	13,200.00	2.7160070	35,851.29
1975 ($14,100)				8,630.92	"	14,100.00	2.5271466	35,632.77
1976 ($15,300)				9,226.48	"	15,300.00	2.3640218	36,169.53
1977 ($16,500)				9,779.44	"	16,500.00	2.2303527	36,800.82
1978 ($17,700)				10,556.03	"	17,700.00	2.0662692	36,572.97
1979 ($22,900)				11,479.46	"	22,900.00	1.9000545	43,511.25
1980 ($25,900)				12,513.46	"	25,900.00	1.7430511	45,145.02
1981 ($29,700)				13,773.10	"	29,700.00	1.5836377	47,034.04
1982 ($32,400)				14,531.34	"	32,400.00	1.5010040	48,632.53
1983 ($35,700)				15,239.24	"	35,469.35	1.4312787	50,766.53
1984 ($37,800)				16,135.07	"	37,554.39	1.3518132	50,766.52
1985 ($39,600)				16,822.51	"	39,154.41	1.2965723	50,766.52
1986 ($42,000)				17,321.82	"	40,316.55	1.2591979	50,766.48

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 1   Worksheet for Computing Retiree Annuity Supplement (Cont.)

PART 2 Benefit Computation (Continued)

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay Col. 1 x Col. 2 = Col. 3			C Deemed Pay Col. 1 x Col. 2 = Col. 3			D Index Factor***	E Indexed Earnings
	Contri-butions	Con-version Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1987 ($43,800)				18,426.51	2.327501	42,887.72	1.1837076	50,766.49
1988 ($45,000)			45,000.00				1.1281450	50,766.53
1989 ($48,000)			48,000.00				1.0851785	52,088.57
1990 ($51,300)			51,300.00				1.0372656	53,211.73
1991 ($53,400)			53,400.00				1.0000000	53,400.00
1992 ($55,500)			55,500.00				1.0000000	55,500.00
1993 ($57,600)								
1994								
1995								
1996								
1997								
1998								
1999								
2000								
Mark out 5 lowest years in Column E and enter the total of the remaining years of indexed earnings from Column E.								1,216,637.46

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 1   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

Part III. Compute Estimated Social Security Benefit

1. Determine the number of years to be used in the computation.

    a.   Enter the year in which the annuity supplement will begin . . . .   <u>   1933   </u>

    b.   Subtract 1951 or the year in which the individual attained age 22,
        whichever is later . . . . - <u>   1957   </u>

    c.   Enter the number of elapsed years . . . . = <u>   36   </u>

    d.   Subtract 5 years . . . . - <u>   5   </u>

    e.   TOTAL years used in computation . . . . = <u>   31   </u>

2. Determine Average Indexed Monthly Earnings (AIME).

    a.   Total Indexed Earnings (from Column E) . . . . $ <u>1,216,648.46</u>

    b.   Enter the number of months in years included in Total Indexed Earnings
        (number of years from line 1e times 12) . . . . <u>   372   </u>

    c.   AIME (divide line 2a by 2b and round to the next lower dollar) . . . . $ <u> 3,270.00 </u>

3. Calculate the Primary Insurance Amount (PIA).

    a.   Calculate the PIA using the following formula.

For Annuity Supplement Commencing In	Amount of AIME to Be Used	PIA Formula
1993	Up through $401	90% of amount
	From $402 through $2,420	$360.90 + 32% of amount
	$2,421 and over	$1,006.98 + 15% of amount

    PIA . . . . $ <u> 1,134.48 </u>

Example 1   Worksheet for Computing Retiree Annuity Supplement (Cont.)

3. Calculate the Primary Insurance Amount (PIA) (Continued).

    b.   Enter the amount calculated on 3a, rounded down to the next lower multiple
        of $0.10 (if not already a multiple of $0.10) . . . . $ 1,134.40

    c.   Enter Reduction Factor (from Table E on page 22) x   .800000

    d.   ESTIMATED SOCIAL SECURITY BENEFIT. Multiply line 3b by line 3c,
        and round to the next lower dollar . . . . = $ 907.00

4. Calculate Portion of Estimated Social Security Benefit Attributable to FERS Service.

    a.   Enter total years of FERS civilian service (rounded
        to nearest whole number)   6

    b.   Determine multiplier (divide line 4a by 40) 15

    c.   Enter Estimated Social Security Benefit (from line 3d) x   907.00

    d.   MONTHLY RETIREE ANNUITY SUPPLEMENT. Multiply line 4c by
        the multiplier in line 4b, and round to the next lower dollar . . . . = $ 136.00

Example 2   **Worksheet for Computing Retiree Annuity Supplement**

Retiree's Name Dennis Meisner	Date of Birth 3-25-33	Year Annuity Supplement Begins 1993	Retirement Date 9/30/93

PART 1 EARNINGS RATIO (complete only if needed)	
A. Basic Earnings during first full calendar year under FERS*	$ 19,511.00 (1985)
B. Average Total Wages for first full calendar year under FERS**	$ 16,822.51 (1985)
C. Earnings Ratio (divide line A by line B)	1.159815

PART 2   Benefit Computation

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay Col. 1 x Col. 2 = Col. 3			C Deemed Pay Col. 1 x Col. 2 = Col. 3			D Index Factor***	E Indexed Earnings
	Contri-butions	Con-version Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1951 ($3,600)								
1952 ($3,600)								
1953 ($3,600)								
1954 ($3,600)								
1955 ($4,200)				3,301.44	1.159815	3,829.06	6.6066928	25,297.42
1956 ($4,200)				3,532.36	"	4,096.88	6.1747953	25,297.40
1957 ($4,200)				3,641.72	"	4,200.00	5.9893677	25,155.34
1958 ($4,200)				3,673.80	"	4,200.00	5.9370679	~~24,935.69~~
1959 ($4,800)				3,855.80	"	4,472.01	5.6568287	25,297.40
1960 ($4,800)				4,007.12	"	4,647.52	5.4432111	25,297.43
1961 ($4,800)				4,086.76	"	4,739.89	5.3371375	25,297.45
1962 ($4,800)				4,291.40	"	4,800.00	5.0826304	~~24,396.63~~
1963 ($4,800)				4,396.64	"	4,800.00	4.9609702	~~23,812.66~~
1964 ($4,800)				4,576.32	"	4,800.00	4.7661877	~~22,877.70~~
1965 ($4,800)				4,658.72	"	4,800.00	4.6818869	~~22,473.06~~
1966 ($6,600)				4,938.36	"	5,727.58	4.4167699	25,297.40

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for the current year factors.

Example 2   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

PART 2 Benefit Computation (Continued)							
A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay			C Deemed Pay			D Index Factor***	E Indexed Earnings
	Col. 1 x Col. 2 = Col. 3			Col. 1 x Col. 2 = Col. 3				
	Contri-butions	Con-version Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1967 ($6,600)				5,213.44	1.159815	6,046.63	4.1837251	25,297.44
1968 ($7,800)				5,571.76	"	6,462.21	3.9146697	25,297.42
1969 ($7,800)				5,893.76	"	6,835.67	3.7007954	25,297.42
1970 ($7,800)				6,186.24	"	7,174.89	3.5258251	25,297.41
1971 ($7,800)				6,497.08	"	7,535.41	3.3571389	25,297.42
1972 ($9,000)				7,133.80	"	8,273.89	3.0575009	25,297.43
1973 ($10,800)				7,580.16	"	8,791.58	2.8774591	25,297.41
1974 ($13,200)				8,030.76	"	9,314.20	2.7160070	25,297.43
1975 ($14,100)				8,630.92	"	10,010.27	2.5271466	25,297.42
1976 ($15,300)				9,226.48	"	10,701.01	2.3640218	25,297.42
1977 ($16,500)				9,779.44	"	11,342.34	2.2303527	25,297.42
1978 ($17,700)				10,556.03	"	12,243.04	2.0662692	25,297.42
1979 ($22,900)				11,479.46	"	13,314.05	1.9000545	25,297.42
1980 ($25,900)				12,513.46	"	14,513.30	1.7430511	25,297.42
1981 ($29,700)				13,773.10	"	15,974.25	1.5836377	25,297.43
1982 ($32,400)				14,531.34	"	16,853.67	1.5010040	25,297.43
1983 ($35,700)				15,239.24	"	17,674.70	1.4312787	25,297.42
1984 ($37,800)				16,135.07	"	18,713.70	1.3518132	25,297.43
1985 ($39,600)			19,511.00				1.2965723	25,297.42
1986 ($42,000)			22,316.00				1.2591979	28,100.26

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 2   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

PART 2   Benefit Computation (Continued)

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay			C Deemed Pay			D Index Factor***	E Indexed Earnings
	Col. 1 x Col. 2 = Col. 3			Col. 1 x Col. 2 = Col. 3				
	Contri-butions	Con-version Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1987 ($43,800)			24,980.00				1.1837076	29,569.02
1988 ($45,000)			27,405.00				1.1281450	30,916.81
1989 ($48,000)			29,927.00				1.0851785	32,476.14
1990 ($51,300)			31,741.00				1.0372656	32,923.85
1991 ($53,400)			33,042.00				1.0000000	33,042.00
1992 ($55,500)			35,414.00				1.0000000	35,414.00
1993 ($57,600)								
1994								
1995								
1996								
1997								
1998								
1999								
2000								
Mark out 5 lowest years in Column E and enter the total of the remaining years of indexed earnings from Column E.								880,032.95

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 2   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

Part III. Compute Estimated Social Security Benefit

1. Determine the number of years to be used in the computation.

     a.   Enter the year in which the annuity supplement will begin . . . .   <u> 1993 </u>

     b.   Subtract 1951 or the year in which the individual attained age 22,
         whichever is later . . . . -   <u> 1955 </u>

     c.   Enter the number of elapsed years . . . . = <u>   38   </u>

     d.   Subtract 5 years . . . . -   <u>   5   </u>

     e.   TOTAL years used in computation . . . . = <u>   33   </u>

2. Determine Average Indexed Monthly Earnings (AIME)

     a.   Total Indexed Earnings (from Column E) . . . . $ <u> 880,032.95 </u>

     b.   Enter the number of months in years included in Total Indexed Earnings
         (number of years from line 1e times 12) . . . .   <u> 396 </u>

     c.   AIME (divide line 2a by 2b and round to the next lower dollar) . . . . $ <u> 2,222.00 </u>

3. Calculate the Primary Insurance Amount (PIA).

     a.   Calculate the PIA using the following formula.

For Annuity Supplement Commencing In	Amount of AIME to Be Used	PIA Formula
1993	Up through $401	90% of amount
	From $402 through $2,420	$360.90 + 32% of amount
	$2,421 and over	$1,006.98 + 15% of amount

     PIA . . . . $ <u> 943.62 </u>

Example 2 **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

3. Calculate the Primary Insurance Amount (PIA) (Continued).

    b.   Enter the amount calculated on 3a, rounded down to the next lower
multiple of $.10 (if not already a multiple of $.10) . . . . $ 943.62

    c.   Enter Reduction Factor (from Table E on page 24) . . . . x .800000

    d.   ESTIMATED SOCIAL SECURITY BENEFIT. Multiply line 3b by line 3c,
and round to the next lower dollar . . . . = $ 754.00

4. Calculate Portion of Estimated Social Security Benefit Attributable to FERS Service.

    a.   Enter total years of FERS civilian service (rounded
to nearest whole number) 10

    b.   Determine multiplier (divide line 4a by 40) 25

    c.   Enter Estimated Social Security Benefit (from line 3d) . . . . x 754.00

    d.   MONTHLY RETIREE ANNUITY SUPPLEMENT. Multiply line 4c by
the multiplier in line 4b, and round to the next lower dollar . . . . = $ 188.00

Example 3   **Worksheet for Computing Retiree Annuity Supplement**

Retiree's Name Lawrence Kasdan	Date of Birth 11-23-38	Year Annuity Supplement Begins 1993	Retirement Date 8-31-89

PART 1 EARNINGS RATIO (complete only if needed)	
A.	Basic Earnings during first full calendar year under FERS*	$ 36,856.00 (1988)
B.	Average Total Wages for first full calendar year under FERS**	$ 19,334.04 (1988)
C.	Earnings Ratio (divide line A by line B)	1.906275

PART 2 Benefit Computation

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay Col. 1 x Col. 2 = Col. 3			C Deemed Pay Col. 1 x Col. 2 = Col. 3			D Index Factor***	E Indexed Earnings
	Contri-butions	Con-version Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1951 ($3,600)								
1952 ($3,600)								
1953 ($3,600)								
1954 ($3,600)								
1955 ($4,200)								
1956 ($4,200)								
1957 ($4,200)								
1958 ($4,200)								
1959 ($4,800)								
1960 ($4,800)				4,007.12	1.906275	4,800.00	5.4432111	26,127.41
1961 ($4,800)				4,086.76	"	4,800.00	5.3371375	25,618.26
1962 ($4,800)				4,291.40	"	4,800.00	5.0826304	24,396.63
1963 ($4,800)				4,396.64	"	4,800.00	4.9609702	23,812.66
1964 ($4,800)				4,576.32	"	4,800.00	4.7661877	~~22,877.70~~
1965 ($4,800)				4,658.72	"	4,800.00	4.6818869	~~22,473.06~~
1966 ($6,600)				4,938.36	"	6,600.00	4.4167699	29,150.68

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 3   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

PART 2								
A (Amounts in parentheses are Maximum Taxable Wage Base.)	B Actual Pay			C Deemed Pay			D Index Factor***	E Indexed Earnings
	Col. 1 x Col. 2 = Col. 3			Col. 1 x Col. 2 = Col. 3				
Year	Contri-butions	Conver-sion Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1967 ($6,600)				5,213.44	1.906275	6,600.00	4.1837251	27,612.59
1968 ($7,800)				5,571.76	"	7,800.00	3.9146697	30,534.42
1969 ($7,800)				5,893.76	"	7,800.00	3.7007954	28,866.20
1970 ($7,800)				6,186.24	"	7,800.00	3.5258251	27,501.44
1971 ($7,800)				6,497.08	"	7,800.00	3.3571389	26,185.68
1972 ($9,000)				7,133.80	"	9,000.00	3.0575009	27,517.51
1973 ($10,800)				7,580.16	"	10,800.00	2.8774591	31,076.56
1974 ($13,200)				8,030.76	"	13,200.00	2.7160070	35,851.29
1975 ($14,100)				8,630.92	"	14,100.00	2.5271466	35,632.77
1976 ($15,300)				9,226.48	"	15,300.00	2.3640218	36,169.53
1977 ($16,500)				9,779.44	"	16,500.00	2.2303527	36,800.82
1978 ($17,700)				10,556.03	"	17,700.00	2.0662692	36,572.97
1979 ($22,900)				11,479.46	"	21,883.01	1.9000545	41,578.91
1980 ($25,900)				12,513.46	"	23,854.10	1.7430511	41,578.92
1981 ($29,700)				13,773.10	"	26,255.32	1.5836377	41,578.92
1982 ($32,400)				14,531.34	"	27,700.73	1.5010040	41,578.90
1983 ($35,700)				15,239.24	"	29,050.18	1.4312787	41,578.90
1984 ($37,800)				16,135.07	"	30,757.88	1.3518132	41,578.91
1985 ($39,600)				16,822.51	"	32,068.33	1.2965723	41,578.91
1986 ($42,000)				17,321.82	"	33,020.15	1.2591979	41,578.90

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 3   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

PART 2 Benefit Computation (Continued)

A (Amounts in parentheses are Maximum Taxable Wage Base.) Year	B Actual Pay Col. 1 x Col. 2 = Col. 3			C Deemed Pay Col. 1 x Col. 2 = Col. 3			D Index Factor***	E Indexed Earnings
	Contri-butions	Conver-sion Factor	Actual Pay*	Average Total Wages**	Earnings Ratio	Deemed Pay*		
1987 ($43,800)				18,426.51	1.906275	35,126.00	1.1837076	41,578.91
1988 ($45,000)			36,856.00				1.1281450	41,578.91
1989 ($48,000)			37,992.00				1.0851785	41,228.10
1990 ($51,300)			- 0 -					-0-
1991 ($53,400)			- 0 -					-0-
1992 ($55,500)			- 0 -					-0-
1993 ($57,600)								
1994								
1995								
1996								
1997								
1998								
1999								
2000								
Mark out 5 lowest years in Column E and enter the total of the remaining years of indexed earnings from Column E.								966,417.62

* Amount used should not exceed Social Security maximum wage base for applicable year. See Table A.
** Use average total wage for applicable year. See Table B.
*** See Table C for current year factors.

Example 3   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

Part III. Compute Estimated Social Security Benefit

1. Determine the number of years to be used in the computation.

   a.   Enter the year in which the annuity supplement will begin   1993

   b.   Subtract 1951 or the year in which the individual attained age 22,
        whichever is later . . . . - 1960

   c.   Enter the number of elapsed years . . . . =   33

   d.   Subtract 5 years . . . . -   5

   e.   TOTAL years used in computation . . . . =   28

2. Determine Average Indexed Monthly Earnings (AIME).

   a.   Total Indexed Earnings (from Column E) . . . . $ 966,417.62

   b.   Enter the number of months in years included in Total Indexed Earnings
        (number of years from line 1e times 12)   336

c. AIME (divide line 2a by 2b and round to the next lower dollar) . . . . $ 2,876.00

3. Calculate the Primary Insurance Amount (PIA).

   a.   Calculate the PIA using the following formula.

For Annuity Supplement Commencing In	Amount of AIME to Be Used	PIA Formula
1993	Up through $401	90% of amount
	From $402 through $2,420	$360.90 + 32% of amount
	$2,421 and over	$ 1,006.98 + 15% of amount

   PIA . . . . $ 1,075.38

Example 3   **Worksheet for Computing Retiree Annuity Supplement (Cont.)**

3. Calculate the Primary Insurance Amount (PIA) (Continued).

   b.   Enter the amount calculated on 3a, rounded down to the next lower
        multiple of $.10 (if not already a multiple of $.10) . . . . $ _____1,075.30_____

   c.   Enter Reduction Factor (from Table E on page 24) . . . . x _____.791667_

   d.   ESTIMATED SOCIAL SECURITY BENEFIT. Multiply line 3b by line 3c,
        and round to the next lower dollar . . . . = $ _____851.00_____

4. Calculate Portion of Estimated Social Security Benefit Attributable to FERS Service.

   a.   Enter total years of FERS civilian service (rounded
        to nearest whole number) . . . . _____2_____

   b.   Determine multiplier (divide line 4a by 40) . . . . _____.05_____

   c.   Enter Estimated Social Security Benefit (from line 3d) . . . . x $ _____851.00_____

   d.   MONTHLY RETIREE ANNUITY SUPPLEMENT. Multiply line 4c by
        the multiplier in line 4b, and round to the next lower dollar . . . . = $_____42.00_____